



WHAT IS CLAIMED IS:

[0139] 1. A method of dynamically optimizing customer retention for a web marketing site, comprising:

specifying a permissible defunct threshold;

specifying a range of offers to be included in a set of promotions; determining a probability that a customer will become defunct in a

predetermined period of time since the last interaction of that customer with the web site; and

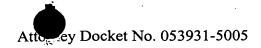
providing a promotion to a customer if the probability that the customer will become defunct in the predetermined period of time since the last interaction of that customer with the web site is greater than a predetermined threshold.

- [0140] 2. The method of claim 1, further comprising segmenting the sample population based on a characteristic of the customers sampled.
- [0141] 3. The method of claim 2, wherein the characteristic is an amount that the customers spent at the web site in the past.
- [0142] 4. The method of claim 1, wherein the last interaction includes accessing the web site.
- [0143] 5. The method of claim 1, wherein the last interaction includes making a purchase from the web site.
- [0144] 6. The method of claim 1, further comprising maximizing profit by optimizing an amount of discount offered in the promotion.
- [0145] 7. The method of claim 6, wherein optimizing is performed continuously.
- [0146] 8. The method of claim 6,

wherein optimizing includes sampling responses received from customers that are offered promotions of varying amounts; and

optimizing the promotion amount provided to other customers based

1-PI/75608.2 29



on the optimum promotion amount discovered in the sample.

- [0147] 9. The method of claim 1, wherein data related to whether a customer has interfaced with the web site is stored in the database.
- [0148] 10. The method of claim 1, wherein an amount spent by a customer is stored in a database.
- [0149] 11. The method of claim 9, wherein a customer is segmented for random sampling based on the amount spent by that customer.